

AMENDED IN ASSEMBLY JUNE 23, 2015

AMENDED IN SENATE MAY 28, 2015

AMENDED IN SENATE MAY 19, 2015

AMENDED IN SENATE MAY 12, 2015

**SENATE BILL**

**No. 710**

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**Introduced by Senator Galgiani**  
**(Coauthors: Senators Cannella and Huff)**  
(Coauthors: Assembly Members Chávez, Gomez, and Jones)

February 27, 2015

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An act to amend, repeal, and add Section 6588 of, and to add Sections 6507.5 and 6507.7 to, the Government Code, relating to joint exercise of powers, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 710, as amended, Galgiani. Joint exercise of powers.

The Joint Exercise of Powers Act authorizes the legislative or other governing bodies of 2 or more public agencies to jointly exercise by agreement any power common to the contracting parties, as specified, and authorizes a joint powers authority to exercise various powers, including, among others, the power to issue bonds, including bonds bearing interest, to pay the cost of any public capital improvement, working capital, or liability or other insurance program, as specified.

This bill ~~would~~, until January 1, 2022, *would* authorize a joint powers authority to issue or cause to be issued bonds and enter into a loan agreement for the financing or refinancing of a project that is situated in another state, including working capital related to that project, if the project and its financing meets certain conditions. This bill would require the Legislative Analyst, on or before January 1, 2021, to prepare and

submit to the Legislature a report on the issuance of those bonds and the financing of those projects. This bill would require, no later than July 1, 2020, authorities that issue those bonds to provide information concerning the bonds, the projects financed, the public benefits accruing to this state and such other information requested by the Legislative Analyst's Office for the purpose of preparing the report.

This bill would require a joint powers authority to comply with the California Public Records Act, the Ralph M. Brown Act, and the Bagley-Keene Open Meeting Act *to the extent those acts are applicable to any member of the authority*, and would provide that these provisions are declaratory of existing law. The bill would additionally prohibit a joint powers authority from utilizing any funds derived from bonds issued pursuant to the provisions of this bill for political purposes.

The Personal Income Tax Law and the Corporation Tax Law impose a tax on, *or measured by*, an individual and corporate taxpayer's taxable income *or net income* for the taxable year, but excludes certain items of income from the computation of tax. ~~That law, in conformity with federal income tax laws,~~ Existing law exempts from personal income tax and the franchise tax imposed on corporations *corporation income tax, but not the corporation franchise tax*, interest on bonds issued by this state or a local government in this state. The Joint Exercise of Powers Act also provides that all bonds issued by a joint powers authority and the interest thereon or income therefrom are exempt from all taxation in this state, except as otherwise provided.

This bill would provide that the interest on ~~an issue of~~ bonds as authorized by this bill would not be exempt from *income taxes* under those laws.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 6507.5 is added to the Government Code,
- 2 to read:
- 3 6507.5. An authority created pursuant to this chapter shall
- 4 comply with the California Public Records Act (Chapter 3.5
- 5 (commencing with Section 6250)), the Ralph M. Brown Act
- 6 (Chapter 9 (commencing with Section 54950) of Part 1 of Division

2 of Title 5), and the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title ~~2~~: 2), *to the extent those acts are applicable to any member of the authority*. This section is declaratory of existing law.

SEC. 2. Section 6507.7 is added to the Government Code, to read:

6507.7. (a) An authority created pursuant to this chapter shall not utilize any funds derived from bonds issued pursuant to subparagraph (B) of paragraph (2) of subdivision (c) of Section 6588, as that subparagraph read on the effective date of the act adding this section, for political purposes, including, but not limited to, lobbying.

SEC. 3. Section 6588 of the Government Code is amended to read:

6588. In addition to other powers specified in an agreement pursuant to Article 1 (commencing with Section 6500) and Article 2 (commencing with Section 6540), the authority may do any or all of the following:

(a) Adopt bylaws for the regulation of its affairs and the conduct of its business.

(b) Sue and be sued in its own name.

(c) (1) Issue bonds, including, at the option of the authority, bonds bearing interest, to pay the cost of any public capital improvement, working capital, or liability or other insurance program.

(2) (A) In addition to paragraph (1), for any purpose for which an authority may execute and deliver or cause to be executed and delivered certificates of participation in a lease or installment sale agreement with any public or private entity, the authority, at its option, may issue or cause to be issued bonds, rather than certificates of participation, and enter into a loan agreement with the public or private entity.

(B) (i) Notwithstanding Sections 6586 and 6586.5 or any other law, an authority may issue or cause to be issued bonds and enter into a loan agreement, pursuant to subparagraph (A), for the financing or refinancing of a project that is situated in another state, including working capital related to that project, if all of the following apply:

1 (I) The project is owned, developed, or operated by a private  
2 entity.

3 (II) The issuance of bonds by the authority and the financing  
4 of the project is approved by resolution, order, or other official  
5 action of the city, county, or other public body with land use  
6 planning authority over the project, or of the state in which the  
7 project is situated. This clause does not apply to the issuance of  
8 refunding bonds if a prior financing or refinancing of the project  
9 was approved by the city, county, public body, or state.

10 (III) The authority has at least 25 local agency members and  
11 the authority has issued bonds and entered into loan agreements  
12 to finance at least 25 separate projects.

13 (IV) *(ia)* The authority finds, based on the facts and  
14 circumstances attendant to the project or the financing or  
15 refinancing of the project, that the issuance of the bonds or the  
16 financing or refinancing of the project will result in a substantial  
17 public benefit to this state because one or more of the following  
18 is satisfied:

19 ~~(ia)~~

20 *(Ia)* At least 20 percent of the net proceeds of the issue are  
21 allocated to the financing of one or more projects, including  
22 working capital related thereto, located in this state.

23 ~~(ib)~~

24 *(Ib)* The borrower of the bond proceeds has its principal place  
25 of business in this state and, if that borrower is subject to income  
26 or franchise tax in this state or any other state, that borrower has  
27 paid to this state for the most recent tax year income or franchise  
28 tax of at least fifty thousand dollars (\$50,000) or one-half of its  
29 total income or franchise tax liability to all states, whichever is  
30 less. If the borrower has little or no assets other than the project  
31 to be financed and is owned by another company or companies,  
32 then the company or companies that own a majority of interest in  
33 the borrower shall have its or their principal place of business in  
34 this state.

35 ~~(ic)~~

36 *(Ic)* The borrower of the bond proceeds or a controlled group  
37 of which it is a member has at least 50 full-time equivalent  
38 employees in this state.

39 ~~(id)~~

1     *(Id)* The borrower of the bond proceeds or a controlled group  
2 of which it is a member has paid to this state for the most recent  
3 tax year income or franchise tax of at least one hundred thousand  
4 dollars (\$100,000).

5     ~~(ie)~~

6     *(Ie)* In the case of the financing of one or more multifamily  
7 rental housing projects, the developer of that project or projects  
8 has its principal place of business in this state, and any such  
9 developer subject to personal or corporate income tax in California  
10 or other states has paid to this state for the most recent tax year  
11 income or franchise tax of at least fifty thousand dollars (\$50,000)  
12 or one-half of its total income or franchise tax liability to all states,  
13 whichever is less.

14     *(ib)* *The finding required by this subclause shall be conclusive*  
15 *and incontestable 30 days following the adoption of a resolution*  
16 *of the authority containing this finding.*

17     *(V) The authority authorizes the issuance of the bonds in a*  
18 *public meeting subject to the Ralph M. Brown Act (Chapter 9*  
19 *(commencing with Section 54950) of Part 1 of Division 2 of Title*  
20 *5) or the Bagley-Keene Open Meeting Act (Article 9 (commencing*  
21 *with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title*  
22 *2), as those acts are applicable to any member of the authority,*  
23 *including any applicable public notice requirements.*

24     *(ii) Proceeds of bonds issued pursuant to this subdivision, other*  
25 *than those amounts required to pay bond issuance or*  
26 *administration fees of the authority, shall not be used to finance*  
27 *any working capital of the authority.*

28     ~~(ii)~~

29     *(iii)* For purposes of this subparagraph, the following definitions  
30 apply:

31     (I) “Controlled group” means a group of corporations,  
32 partnerships, limited liability companies or other persons that are  
33 wholly owned or controlled by a single corporation, partnership,  
34 limited liability company, or other person.

35     (II) “Developer” means a corporation, partnership, limited  
36 liability company, or other person that is the initial controlling  
37 party within the legal entity that owns the multifamily rental  
38 housing project to be financed with proceeds of the bonds and that  
39 ~~is expected to be the primary economic beneficiary of, and to take~~

1 ~~the primary economic risks related to, undertakes the development~~  
2 ~~and performance or rehabilitation of the project.~~

3 (III) “Financing” shall include refinancing of bonds of the  
4 authority or of bonds issued by any other state or local entity  
5 located within this state.

6 (IV) “Issue” shall have the same meaning as in United States  
7 Treasury Regulations Section 1.150-1(c), as in effect on July 1,  
8 2014.

9 (V) “Net proceeds of an issue” means the aggregate principal  
10 amount of that issue, less the amount of that issue allocated to  
11 original issue discount, issuance costs, reserve funds, and credit  
12 enhancement costs.

13 (VI) “Principal place of business” of an entity means the  
14 principal place from which the trade or business of the entity is  
15 directed or managed.

16 ~~(iii)~~

17 (iv) The Legislative Analyst shall, on or before January 1, 2021,  
18 prepare and submit to the Legislature a report on the issuance of  
19 bonds and the financing of projects pursuant to this subparagraph.  
20 No later than July 1, 2020, authorities that issue bonds pursuant  
21 to this subparagraph shall provide information concerning those  
22 bonds, the projects financed, the public benefits accruing to this  
23 state, and such other information requested by the Legislative  
24 Analyst’s Office for the purpose of preparing the report. The report  
25 may include recommendations for modifying or extending the  
26 application of this subparagraph.

27 ~~(iv)~~

28 (v) Notwithstanding Section ~~6575~~ 6598 of the Government Code  
29 and Sections *17131 and 17133* ~~and 24272~~ of the Revenue and  
30 Taxation Code or any other law, the interest on ~~an issue of~~ bonds  
31 *issued* pursuant to this subparagraph shall not be exempt from  
32 *income* taxation, and shall be included in gross income under Part  
33 10 (commencing with Section 17001) of Division 2 and Chapter  
34 ~~2 3~~ (commencing with Section ~~23101~~ 23501) of Part 11 of  
35 Division 2 of the Revenue and Taxation Code.

36 (d) Engage the services of private consultants to render  
37 professional and technical assistance and advice in carrying out  
38 the purposes of this article.

39 (e) As provided by applicable law, employ and compensate  
40 bond counsel, financial consultants, and other advisers determined

1 necessary by the authority in connection with the issuance and sale  
2 of any bonds.

3 (f) Contract for engineering, architectural, accounting, or other  
4 services determined necessary by the authority for the successful  
5 development of a public capital improvement.

6 (g) Pay the reasonable costs of consulting engineers, architects,  
7 accountants, and construction, land-use, recreation, and  
8 environmental experts employed by any sponsor or participant if  
9 the authority determines those services are necessary for the  
10 successful development of public capital improvements.

11 (h) Take title to, sell by installment sale or otherwise, or lease  
12 lands, structures, real or personal property, rights, rights-of-way,  
13 franchises, easements, and other interests in lands that are located  
14 within the state that the authority determines are necessary or  
15 convenient for the financing of public capital improvements, or  
16 any portion thereof.

17 (i) Receive and accept from any source, loans, contributions,  
18 or grants, in either money, property, labor, or other things of value,  
19 for, or in aid of, the construction financing, or refinancing of public  
20 capital improvement, or any portion thereof, or for the financing  
21 of working capital or insurance programs, or for the payment of  
22 the principal of and interest on bonds if the proceeds of those bonds  
23 are used for one or more of the purposes specified in this section.

24 (j) Make secured or unsecured loans to any local agency in  
25 connection with the financing of capital improvement projects,  
26 working capital or insurance programs in accordance with an  
27 agreement between the authority and the local agency. However,  
28 no loan shall exceed the total cost of the public capital  
29 improvements, working capital or insurance needs of the local  
30 agency as determined by the local agency and by the authority.

31 (k) Make secured or unsecured loans to any local agency in  
32 accordance with an agreement between the authority and the local  
33 agency to refinance indebtedness incurred by the local agency in  
34 connection with public capital improvements undertaken and  
35 completed.

36 (l) Mortgage all or any portion of its interest in public capital  
37 improvements and the property on which any project is located,  
38 whether owned or thereafter acquired, including the granting of a  
39 security interest in any property, tangible or intangible.

1 (m) Assign or pledge all or any portion of its interests in  
2 mortgages, deeds of trust, indentures of mortgage or trust, or  
3 similar instruments, notes, and security interests in property,  
4 tangible or intangible, of a local agency to which the authority has  
5 made loans, and the revenues therefrom, including payment or  
6 income from any interest owned or held by the authority, for the  
7 benefit of the holders of bonds issued to finance public capital  
8 improvements. The pledge of moneys, revenues, accounts, contract  
9 rights, or rights to payment of any kind made by or to the authority  
10 pursuant to the authority granted in this part shall be valid and  
11 binding from the time the pledge is made for the benefit of the  
12 pledgees and successors thereto, against all parties irrespective of  
13 whether the parties have notice of the claim.

14 (n) Lease the public capital improvements being financed to a  
15 local agency, upon terms and conditions that the authority deems  
16 proper; charge and collect rents therefor; terminate any lease upon  
17 the failure of the lessee to comply with any of the obligations of  
18 the lease; include in any lease provisions that the lessee shall have  
19 options to renew the lease for a period or periods, and at rents as  
20 determined by the authority; purchase or sell by an installment  
21 agreement or otherwise any or all of the public capital  
22 improvements; or, upon payment of all the indebtedness incurred  
23 by the authority for the financing or refinancing of the public  
24 capital improvements, the authority may convey any or all of the  
25 project to the lessee or lessees.

26 (o) Charge and apportion to local agencies that benefit from its  
27 services the administrative costs and expenses incurred in the  
28 exercise of the powers authorized by this article. These fees shall  
29 be set at a rate sufficient to recover, but not exceed, the authority's  
30 costs of issuance and administration. The fee charged to each local  
31 obligation acquired by the pool shall not exceed that obligation's  
32 proportionate share of those costs. The level of these fees shall be  
33 disclosed to the California Debt and Investment Advisory  
34 Commission pursuant to Section 6599.1.

35 (p) Issue, obtain, or aid in obtaining, from any department or  
36 agency of the United States or of the state, or any private company,  
37 any insurance or guarantee to, or for, the payment or repayment  
38 of interest or principal, or both, or any part thereof, on any loan,  
39 lease, or obligation or any instrument evidencing or securing the  
40 same, made or entered into pursuant to this article.

1 (q) Notwithstanding any other provision of this article, enter  
2 into any agreement, contract, or any other instrument with respect  
3 to any insurance or guarantee; accept payment in the manner and  
4 form as provided therein in the event of default by a local agency;  
5 and assign any insurance or guarantee that acts as security for the  
6 authority's bonds.

7 (r) Enter into any agreement or contract, execute any instrument,  
8 and perform any act or thing necessary, convenient, or desirable  
9 to carry out any power authorized by this article.

10 (s) Invest any moneys held in reserve or sinking funds, or any  
11 moneys not required for immediate use or disbursement, in  
12 obligations that are authorized by law for the investment of trust  
13 funds.

14 (t) At the request of affected local agencies, combine and pledge  
15 revenues to public capital improvements for repayment of one or  
16 more series of bonds issued pursuant to this article.

17 (u) Delegate to any of its individual parties or other responsible  
18 individuals the power to act on its behalf subject to its general  
19 direction, guidelines, and oversight.

20 (v) Purchase, with the proceeds of its bonds or its revenue, bonds  
21 issued by any local agency at public or negotiated sale. Bonds  
22 purchased pursuant to this subdivision may be held by the authority  
23 or sold to public or private purchasers at public or negotiated sale,  
24 in whole or in part, separately or together with other bonds issued  
25 by the authority.

26 (w) Purchase, with the proceeds of its bonds or its revenue, VLF  
27 receivables sold to the authority pursuant to Section 6588.5. VLF  
28 receivables so purchased may be pledged to the payment of bonds  
29 issued by the authority or may be resold to public or private  
30 purchasers at public or negotiated sale, in whole or in part,  
31 separately or together with other VLF receivables purchased by  
32 the authority.

33 (x) (1) Purchase, with the proceeds of its bonds or its revenue,  
34 Proposition 1A receivables pursuant to Section 6588.6. Proposition  
35 1A receivables so purchased may be pledged to the payment of  
36 bonds issued by the authority or may be resold to public or private  
37 purchasers at public or negotiated sales, in whole or in part,  
38 separately or together with other Proposition 1A receivables  
39 purchased by the authority.

1 (2) (A) All entities subject to a reduction of ad valorem property  
2 tax revenues required under Section 100.06 of the Revenue and  
3 Taxation Code pursuant to the suspension set forth in Section  
4 100.05 of the Revenue and Taxation Code shall be afforded the  
5 opportunity to sell their Proposition 1A receivables to the authority.

6 (B) If these entities offer Proposition 1A receivables to the  
7 authority for purchase and duly authorize the sale of the Proposition  
8 1A receivables pursuant to documentation approved by the  
9 authority, the authority shall purchase all Proposition 1A  
10 receivables so offered to the extent it can sell bonds therefor. If  
11 the authority does not purchase all Proposition 1A receivables  
12 offered, it shall purchase a pro rata share of each entity's offered  
13 Proposition 1A receivables.

14 (C) The authority may establish a deadline, no earlier than  
15 November 3, 2009, by which these entities shall offer their  
16 Proposition 1A receivables for sale to the authority and complete  
17 the application required by the authority.

18 (3) For purposes of meeting costs incurred in performing its  
19 duties relative to the purchase and sale of Proposition 1A  
20 receivables, the authority shall be authorized to charge a fee to  
21 each entity from which it purchases a Proposition 1A receivable.  
22 The fee shall be computed based on the percentage value of the  
23 Proposition 1A receivable purchased from each entity, in relation  
24 to the value of all Proposition 1A receivables purchased by the  
25 authority. The amount of the fee shall be paid from the proceeds  
26 of the bonds and shall be included in the principal amount of the  
27 bonds.

28 (4) Terms and conditions of any and all fees and expenses  
29 charged by the authority, or those it contracts with, and the terms  
30 and conditions of sales of Proposition 1A receivables and bonds  
31 issued pursuant to this subdivision, including the terms of optional  
32 early redemption provisions, if any, shall be approved by the  
33 Treasurer and the Director of Finance, who shall not unreasonably  
34 withhold their approval. The aggregate principal amount of all  
35 bonds issued pursuant to this subdivision shall not exceed two  
36 billion two hundred fifty million dollars (\$2,250,000,000), and the  
37 rate of interest paid on those bonds shall not exceed 8 percent per  
38 annum. The authority shall exercise its best efforts to obtain the  
39 lowest cost financing possible. Any and all premium obtained shall  
40 be used for either of the following:

1 (A) Applied to pay the costs of issuance of the bonds.

2 (B) Deposited in a trust account that is pledged to bondholders  
3 and used solely for the payment of interest on, or for repayment  
4 of, the bonds.

5 (5) (A) In connection with any financing backed by Proposition  
6 1A receivables, the Treasurer may retain financial advisors, legal  
7 counsel, and other consultants to assist in performing the duties  
8 required by this chapter and related to that financing.

9 (B) Notwithstanding any other law, none of the following shall  
10 apply to any agreements entered into by the Treasurer pursuant to  
11 subparagraph (A) in connection with any Proposition 1A financing:

12 (i) Section 11040 of the Government Code.

13 (ii) Section 10295 of the Public Contract Code.

14 (iii) Article 3 (commencing with Section 10300) and Article 4  
15 (commencing with Section 10335) of, Chapter 2 of Part 2 of  
16 Division 2 of the Public Contract Code, except for the authority  
17 of the Department of Finance under Section 10336 of the Public  
18 Contract Code to direct a state agency to transmit to it a contract  
19 for review, and except for Section 10348.5 of the Public Contract  
20 Code.

21 (C) Any costs incurred by the Treasurer in connection with any  
22 Proposition 1A financing shall be reimbursed out of the proceeds  
23 of the financing.

24 (y) Set any other terms and conditions on any purchase or sale  
25 pursuant to this section as it deems by resolution to be necessary,  
26 appropriate, and in the public interest, in furtherance of the  
27 purposes of this article.

28 (z) This section shall remain in effect only until January 1, 2022,  
29 and as of that date, is repealed.

30 SEC. 4. Section 6588 is added to the Government Code, to  
31 read:

32 6588. In addition to other powers specified in an agreement  
33 pursuant to Article 1 (commencing with Section 6500) and Article  
34 2 (commencing with Section 6540), the authority may do any or  
35 all of the following:

36 (a) Adopt bylaws for the regulation of its affairs and the conduct  
37 of its business.

38 (b) Sue and be sued in its own name.

39 (c) Issue bonds, including, at the option of the authority, bonds  
40 bearing interest, to pay the cost of any public capital improvement,

1 working capital, or liability or other insurance program. In addition,  
2 for any purpose for which an authority may execute and deliver  
3 or cause to be executed and delivered certificates of participation  
4 in a lease or installment sale agreement with any public or private  
5 entity, the authority, at its option, may issue or cause to be issued  
6 bonds, rather than certificates of participation, and enter into a  
7 loan agreement with the public or private entity.

8 (d) Engage the services of private consultants to render  
9 professional and technical assistance and advice in carrying out  
10 the purposes of this article.

11 (e) As provided by applicable law, employ and compensate  
12 bond counsel, financial consultants, and other advisers determined  
13 necessary by the authority in connection with the issuance and sale  
14 of any bonds.

15 (f) Contract for engineering, architectural, accounting, or other  
16 services determined necessary by the authority for the successful  
17 development of a public capital improvement.

18 (g) Pay the reasonable costs of consulting engineers, architects,  
19 accountants, and construction, land-use, recreation, and  
20 environmental experts employed by any sponsor or participant if  
21 the authority determines those services are necessary for the  
22 successful development of public capital improvements.

23 (h) Take title to, sell by installment sale or otherwise, or lease  
24 lands, structures, real or personal property, rights, rights-of-way,  
25 franchises, easements, and other interests in lands that are located  
26 within the state that the authority determines are necessary or  
27 convenient for the financing of public capital improvements, or  
28 any portion thereof.

29 (i) Receive and accept from any source, loans, contributions,  
30 or grants, in either money, property, labor, or other things of value,  
31 for, or in aid of, the construction financing, or refinancing of public  
32 capital improvement, or any portion thereof, or for the financing  
33 of working capital or insurance programs, or for the payment of  
34 the principal of and interest on bonds if the proceeds of those bonds  
35 are used for one or more of the purposes specified in this section.

36 (j) Make secured or unsecured loans to any local agency in  
37 connection with the financing of capital improvement projects,  
38 working capital or insurance programs in accordance with an  
39 agreement between the authority and the local agency. However,  
40 no loan shall exceed the total cost of the public capital

1 improvements, working capital or insurance needs of the local  
2 agency as determined by the local agency and by the authority.

3 (k) Make secured or unsecured loans to any local agency in  
4 accordance with an agreement between the authority and the local  
5 agency to refinance indebtedness incurred by the local agency in  
6 connection with public capital improvements undertaken and  
7 completed.

8 (l) Mortgage all or any portion of its interest in public capital  
9 improvements and the property on which any project is located,  
10 whether owned or thereafter acquired, including the granting of a  
11 security interest in any property, tangible or intangible.

12 (m) Assign or pledge all or any portion of its interests in  
13 mortgages, deeds of trust, indentures of mortgage or trust, or  
14 similar instruments, notes, and security interests in property,  
15 tangible or intangible, of a local agency to which the authority has  
16 made loans, and the revenues therefrom, including payment or  
17 income from any interest owned or held by the authority, for the  
18 benefit of the holders of bonds issued to finance public capital  
19 improvements. The pledge of moneys, revenues, accounts, contract  
20 rights, or rights to payment of any kind made by or to the authority  
21 pursuant to the authority granted in this part shall be valid and  
22 binding from the time the pledge is made for the benefit of the  
23 pledgees and successors thereto, against all parties irrespective of  
24 whether the parties have notice of the claim.

25 (n) Lease the public capital improvements being financed to a  
26 local agency, upon terms and conditions that the authority deems  
27 proper; charge and collect rents therefor; terminate any lease upon  
28 the failure of the lessee to comply with any of the obligations of  
29 the lease; include in any lease provisions that the lessee shall have  
30 options to renew the lease for a period or periods, and at rents as  
31 determined by the authority; purchase or sell by an installment  
32 agreement or otherwise any or all of the public capital  
33 improvements; or, upon payment of all the indebtedness incurred  
34 by the authority for the financing or refinancing of the public  
35 capital improvements, the authority may convey any or all of the  
36 project to the lessee or lessees.

37 (o) Charge and apportion to local agencies that benefit from its  
38 services the administrative costs and expenses incurred in the  
39 exercise of the powers authorized by this article. These fees shall  
40 be set at a rate sufficient to recover, but not exceed, the authority's

1 costs of issuance and administration. The fee charged to each local  
2 obligation acquired by the pool shall not exceed that obligation's  
3 proportionate share of those costs. The level of these fees shall be  
4 disclosed to the California Debt and Investment Advisory  
5 Commission pursuant to Section 6599.1.

6 (p) Issue, obtain, or aid in obtaining, from any department or  
7 agency of the United States or of the state, or any private company,  
8 any insurance or guarantee to, or for, the payment or repayment  
9 of interest or principal, or both, or any part thereof, on any loan,  
10 lease, or obligation or any instrument evidencing or securing the  
11 same, made or entered into pursuant to this article.

12 (q) Notwithstanding any other provision of this article, enter  
13 into any agreement, contract, or any other instrument with respect  
14 to any insurance or guarantee; accept payment in the manner and  
15 form as provided therein in the event of default by a local agency;  
16 and assign any insurance or guarantee that acts as security for the  
17 authority's bonds.

18 (r) Enter into any agreement or contract, execute any instrument,  
19 and perform any act or thing necessary, convenient, or desirable  
20 to carry out any power authorized by this article.

21 (s) Invest any moneys held in reserve or sinking funds, or any  
22 moneys not required for immediate use or disbursement, in  
23 obligations that are authorized by law for the investment of trust  
24 funds.

25 (t) At the request of affected local agencies, combine and pledge  
26 revenues to public capital improvements for repayment of one or  
27 more series of bonds issued pursuant to this article.

28 (u) Delegate to any of its individual parties or other responsible  
29 individuals the power to act on its behalf subject to its general  
30 direction, guidelines, and oversight.

31 (v) Purchase, with the proceeds of its bonds or its revenue, bonds  
32 issued by any local agency at public or negotiated sale. Bonds  
33 purchased pursuant to this subdivision may be held by the authority  
34 or sold to public or private purchasers at public or negotiated sale,  
35 in whole or in part, separately or together with other bonds issued  
36 by the authority.

37 (w) Purchase, with the proceeds of its bonds or its revenue, VLF  
38 receivables sold to the authority pursuant to Section 6588.5. VLF  
39 receivables so purchased may be pledged to the payment of bonds  
40 issued by the authority or may be resold to public or private

1 purchasers at public or negotiated sale, in whole or in part,  
2 separately or together with other VLF receivables purchased by  
3 the authority.

4 (x) (1) Purchase, with the proceeds of its bonds or its revenue,  
5 Proposition 1A receivables pursuant to Section 6588.6. Proposition  
6 1A receivables so purchased may be pledged to the payment of  
7 bonds issued by the authority or may be resold to public or private  
8 purchasers at public or negotiated sales, in whole or in part,  
9 separately or together with other Proposition 1A receivables  
10 purchased by the authority.

11 (2) (A) All entities subject to a reduction of ad valorem property  
12 tax revenues required under Section 100.06 of the Revenue and  
13 Taxation Code pursuant to the suspension set forth in Section  
14 100.05 of the Revenue and Taxation Code shall be afforded the  
15 opportunity to sell their Proposition 1A receivables to the authority.

16 (B) If these entities offer Proposition 1A receivables to the  
17 authority for purchase and duly authorize the sale of the Proposition  
18 1A receivables pursuant to documentation approved by the  
19 authority, the authority shall purchase all Proposition 1A  
20 receivables so offered to the extent it can sell bonds therefor. If  
21 the authority does not purchase all Proposition 1A receivables  
22 offered, it shall purchase a pro rata share of each entity's offered  
23 Proposition 1A receivables.

24 (C) The authority may establish a deadline, no earlier than  
25 November 3, 2009, by which these entities shall offer their  
26 Proposition 1A receivables for sale to the authority and complete  
27 the application required by the authority.

28 (3) For purposes of meeting costs incurred in performing its  
29 duties relative to the purchase and sale of Proposition 1A  
30 receivables, the authority shall be authorized to charge a fee to  
31 each entity from which it purchases a Proposition 1A receivable.  
32 The fee shall be computed based on the percentage value of the  
33 Proposition 1A receivable purchased from each entity, in relation  
34 to the value of all Proposition 1A receivables purchased by the  
35 authority. The amount of the fee shall be paid from the proceeds  
36 of the bonds and shall be included in the principal amount of the  
37 bonds.

38 (4) Terms and conditions of any and all fees and expenses  
39 charged by the authority, or those it contracts with, and the terms  
40 and conditions of sales of Proposition 1A receivables and bonds

1 issued pursuant to this subdivision, including the terms of optional  
2 early redemption provisions, if any, shall be approved by the  
3 Treasurer and the Director of Finance, who shall not unreasonably  
4 withhold their approval. The aggregate principal amount of all  
5 bonds issued pursuant to this subdivision shall not exceed two  
6 billion two hundred fifty million dollars (\$2,250,000,000), and the  
7 rate of interest paid on those bonds shall not exceed 8 percent per  
8 annum. The authority shall exercise its best efforts to obtain the  
9 lowest cost financing possible. Any and all premium obtained shall  
10 be used for either of the following:

11 (A) Applied to pay the costs of issuance of the bonds.

12 (B) Deposited in a trust account that is pledged to bondholders  
13 and used solely for the payment of interest on, or for repayment  
14 of, the bonds.

15 (5) (A) In connection with any financing backed by Proposition  
16 1A receivables, the Treasurer may retain financial advisors, legal  
17 counsel, and other consultants to assist in performing the duties  
18 required by this chapter and related to that financing.

19 (B) Notwithstanding any other law, none of the following shall  
20 apply to any agreements entered into by the Treasurer pursuant to  
21 subparagraph (A) in connection with any Proposition 1A financing:

22 (i) Section 11040 of the Government Code.

23 (ii) Section 10295 of the Public Contract Code.

24 (iii) Article 3 (commencing with Section 10300) and Article 4  
25 (commencing with Section 10335) of, Chapter 2 of Part 2 of  
26 Division 2 of the Public Contract Code, except for the authority  
27 of the Department of Finance under Section 10336 of the Public  
28 Contract Code to direct a state agency to transmit to it a contract  
29 for review, and except for Section 10348.5 of the Public Contract  
30 Code.

31 (C) Any costs incurred by the Treasurer in connection with any  
32 Proposition 1A financing shall be reimbursed out of the proceeds  
33 of the financing.

34 (y) Set any other terms and conditions on any purchase or sale  
35 pursuant to this section as it deems by resolution to be necessary,  
36 appropriate, and in the public interest, in furtherance of the  
37 purposes of this article.

38 (z) This section shall become operative on January 1, 2022.

39 SEC. 5. This act is an urgency statute necessary for the  
40 immediate preservation of the public peace, health, or safety within

1 the meaning of Article IV of the Constitution and shall go into  
2 immediate effect. The facts constituting the necessity are:

3 In order to timely provide essential bonding authority for the  
4 funding of multistate, public-private projects that are necessary to  
5 ensure California's national and international competitiveness and  
6 public benefits in this state, it is necessary that this act take effect  
7 immediately.

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